

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CEA-01 CIAE-00 COME-00 EB-07
EA-07 FRB-03 INR-07 IO-13 NEA-10 NSAE-00 USIA-06
OPIC-03 SP-02 TRSE-00 LAB-04 EPG-02 SIL-01
AGRE-00 OMB-01 FEA-01 ERDA-05 DODE-00 FPC-01 H-01
INT-05 L-03 NSC-05 PM-04 OES-07 SS-15 STR-04
ACDA-07 /143 W

-----162056Z 099352 /75

R 161947Z JUN 77
FM AMEMBASSY PARIS
TO SECSTATE WASHDC 4286

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USOECD

E.O.11652: NA
TAGS: ENRG OECD
SUBJECT: IEA: POST-CIEC ASSESSMENT

SECRETARIAT HAS ISSUED FOLLOWING INFORMAL PAPER ON IM-
PLICATION FOR IEA OF CIEC CONCLUSION FOR DISCUSSION AT A
HEADS OF DEL LUNCH DURING JUNE 27-29 GOVERNING BOARD:

BEGIN TEXT
CONCLUSIONS

IT WOULD SEEM APPROPRIATE TO DRAW THE FOLLOWING CONCLU-
SIONS FROM THE OUTCOME OF CIEC FOR THE INDUSTRIALIZED
COUNTRIES AND THE IEA:

1. IT IS UNLIKELY THAT THE ENERGY PART OF THE CIEC DOC-
UMENT WILL BE FILED AND SOON FORGOTTEN. IT IS MORE
LIKELY THAT IT WILL GAIN AN IMPORTANCE BEYOND WHAT WE
THINK TODAY BECAUSE

(A) THIS IS THE FIRST INTERNATIONAL DOCUMENT OF SUCH
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KIND, WHICH WILL IPSO FACTO TEND TO MAKE IT A POINT
OF DEPARTURE RATHER THAN A DEAD END, AND

(B) THE ENERGY SITUATION MAY DETERIORATE, IN WHICH CASE
THE WORLD WIDE DEBATE ON ENERGY WILL INTENSIFY AND
MOST PROBABLY CENTER ON THE PARIS PAPER (IF ONLY
FOR LACK OF ANY OTHER REFERENCE POINT).

2. THE ANALYSIS OF THE ENERGY SITUATION ON WHICH THE PARTICIPANTS IN CIEC HAVE AGREED IS RATHER PESSIMISTIC, IN THE SENSE THAT IT INDICATES THAT NO TIME IS TO BE LOST IN BRINGING ABOUT THE CHANGES REQUIRED TO MOVE FROM AN OIL BASED ECONOMY TO AN ECONOMY BASED PRIMARILY ON SOURCES OF ENERGY OTHER THAN OIL AND GAS. THE INDUSTRIALIZED COUNTRIES HAVE RECOGNIZED THEIR RESPONSIBILITY FOR PROMOTING AND EFFECTING THIS CHANGE. THEY HAVE RECOGNIZED THAT FAILURE TO TAKE THE ACTIONS REQUIRED WOULD LEAD TO SERIOUS CONSEQUENCES FOR THE WORLD AS A WHOLE AND FINALLY THAT ENERGY POOR DEVELOPING COUNTRIES SHOULD GET PRIORITY IN CASE OF ENERGY SHORTAGES. WHILE THE LEGAL NATURE OF SUCH A COMMITMENT MAY BE UNCLEAR, THE POTENTIAL POLITICAL IMPORTANCE SHOULD UNDER NO CIRCUMSTANCES BE UNDERESTIMATED. WE WILL INEVITABLY BE PORTRAYED AS HAVING A PRIORI ASSUMED AT LEAST PARTIAL RESPONSIBILITY FOR AN ENERGY SHORTAGE, SHOULD IT OCCUR, AND WE HAVE IMPLICITLY TAKEN UPON OURSELVES PART OF THE OBLIGATION TO SPARE THE DEVELOPING WORLD FROM THE CONSEQUENCES OF SUCH ENERGY SHORTAGE, BY WHATEVER MEANS. ON THE OTHER HAND, THE CONCOMITANT RESPONSIBILITY OF THE OIL PRODUCING COUNTRIES, WHILE PRESENT IN THE AGREED PORTION OF THE FINAL DOCUMENT, IS AS UNCLEAR AS THAT OF THE INDUSTRIALIZED COUNTRIES, AND SHOULD NOT BE RELIED UPON, AS A POLITICAL MATTER, TO CONTRIBUTE HEAVILY TO THE SITUATION. UNDER THESE CIRCUMSTANCES, THE ACTIVITIES OF THE IEA - IN PARTICULAR OF THE SLT - HAS GAINED ENORMOUSLY IN IMPORTANCE.

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3. THE FAILURE OF THE ATTEMPT TO CREATE A SPECIFIC FORUM IN WHICH POTENTIAL ENERGY RELATED PROBLEMS COULD HAVE BEEN DISCUSSED BETWEEN ALL PARTIES CONCERNED, PRODUCERS AND CONSUMERS, BOTH DEVELOPED AND DEVELOPING, DOES NOT MEAN THAT THE NEED FOR SUCH DISCUSSION HAS DISAPPEARED. THE NEED FOR MONITORING AND MANAGEMENT OF THE COMPLICATED AND RISK-FRAUGHT CHANGES AFFECTING THE ENERGY CONSUMPTION AND SUPPLY PATTERNS DURING THE COMING DECADES WILL MAKE SUCH DISCUSSION INESCAPABLE. INDEED, HAVING TAKEN SUCH A STRONG POSITION IN ITS FAVOR, INDUSTRIALIZED COUNTRIES CAN ILL AFFORD TO REFUSE THE DISCUSSION WHEREVER THE OPPORTUNITY ARISES (AS IN THE UNITED NATIONS), AND SHOULD INDEED PURSUE IT WHEREVER POSSIBLE.

4. IT FOLLOWS FROM THIS THAT THE INDUSTRIALIZED COUNTRIES SHOULD NOT SHOW RESIGNATION AND ABANDON THE IDEA, BUT CONTINUE TO PROPAGATE THE USEFULNESS AND NE-

CESSITY OF CONSULTATION ON ENERGY MATTERS. IN TERMS OF
ENERGY CO-OPERATION THIS MEANS THAT WE SHOULD, MORE AC-

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TIVELY THAN WE HAVE DONE SO FAR, SEEK CO-OPERATION WITH
WHATEVER DEVELOPING COUNTRIES (OIL-PRODUCING OR NON-OIL-
PRODUCING) MAY BE INTERESTED, AS WELL AS THEIR VARIOUS
ORGANIZATIONS (E.G., OPEC, OAPEC, OLADE).

5. WHILE IT IS INEVITABLE THAT A SUBSTANTIAL PART OF
THIS CO-OPERATION WILL HAVE TO BE BILATERAL, AT LEAST IN
THE BEGINNING A VERY DANGEROUS SITUATION COULD BE
CREATED IF PRODUCER-CONSUMER RELATIONS DEGENERATED INTO
A BILATERAL "SAUVE-QUI-PEUT", GIVING THE BIGGER AND
STRONGER CONSUMER NATIONS AN EDGE OVER THE WEAKER ONES
IN TIMES OF SHORTAGES. ALL CHANNELS OF COMMUNICATION
MUST BE THEREFORE USED TO CO-ORDINATE THESE BILATERAL OR
MULTILATERAL EFFORTS, THE IEA AND OECD IN PARTICULAR AS
THE TWO PRINCIPAL ECONOMIC ORGANIZATIONS OF THE INDUS-
TRIALIZED WORLD APPEAR WELL PLACED TO DO THIS WORK.

6. WE SHOULD AS OF NOW TRY TO ESTABLISH WORKING RELA-
TIONSHPIS WITH THOSE COUNTRIES AND WITH THOSE ENERGY-
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RELATED ORGANIZATIONS THAT ARE WILLING TO DO SO, ON A TECHNICAL LEVEL AND AIMED AT A REGULARIZED EXCHANGE OF VIEWS ON ENERGY DEVELOPMENTS. THE EFFORT SHOULD CONCENTRATE ON THOSE ASPECTS OF THE ENERGY PROBLEM WHICH THE DEVELOPING WORLD RESENTS MOST: LACK OF TECHNOLOGY AND KNOW-HOW AND LACK OF ADEQUATE FUNDING (FOR EXAMPLE, THE IEA COUNTRIES SHOULD GIVE SOME THOUGHT TO WHETHER THEIR GUIDELINES ON ENERGY R & D SHOULD BE REVISED IN THE LIGHT OF CIEC). IN THIS WAY, THE VOID NOW EXISTING COULD SLOWLY BE FILLED BY NUMEROUS CONTACTS AND A PROCESS OF PSYCHOLOGICAL ADJUSTMENT BE SET IN MOTION WHICH EVENTUALLY MIGHT ENABLE US TO FIND OTHER, BETTER SOLUTIONS.

7. JUDGING FROM THE REMARKS OF DR. PEREZ-GUERRERO, THE GROUP OF 77 IS LIKELY TO MAKE AN ATTEMPT IN THE UN - PROBABLY AT THE NEXT GENERAL ASSEMBLY SESSION IN SEPTEMBER - TO FILL THE VOID LEFT BY THE PARIS CONFERENCE. ANY SOLUTION EMANATING FROM THE UN IS LIKELY TO BE FORTHCOMING ONLY SLOWLY AND TO BE RELATIVELY INEFFECTIVE. NONETHELESS, THE IEA COUNTRIES MUST BE PREPARED, IN THE UN, TO TAKE A COHERENT AND CO-ORDINATED STAND ON SUBSTANTIVE ASPECTS OF THE ENERGY DISCUSSION AND ON STRUCTURAL ASPECTS, SUCH AS WHERE IN THE UN SYSTEM ENERGY PROBLEMS CAN BEST BE ADDRESSED. THIS WILL MEAN IMMEDIATE WORK FOR THE BURROWS GROUP. FAILURE TO BE SO PREPARED COULD LEAD TO HIGHLY UNDESIRABLE RESULTS, AND AT BEST COULD OPEN US TO CHARGES OF FRIVOLITY IN PRESSING THE MATTER SO HARD IN CIEC.

END TEXT

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